

ATTACHMENT #8

Tax Credit Analysis Form Instructions

General Information

Per 33.282.2 RSMo, each department authorized to offer deductions, exemptions, credits or other tax preferences shall submit the estimated amount of such tax expenditures for the fiscal year beginning July 1st of the following year and a cost/benefit analysis of such tax expenditures for the preceding fiscal year. The budget director will then submit the forms to the Senate Appropriations Committee and the chairman of the House Budget Committee by January 1st of each year. The Tax Credit Analysis Form will fulfill each department's statutory obligation. The completed forms (paper and electronic) are to be submitted by October 1.

Instructions for Completing the Form

Use the form provided with these instructions and please do not modify the format. The General Assembly has requested as much consistency as possible, so the page headers and other format settings should be consistent. However, should more space be needed in text boxes, add rows in the corresponding places in the Excel sheet.

Please provide the most up-to-date information available when completing the form.

Program name: List name of tax credit/exemption, deduction program

Department: List department name. Do not use abbreviations.

Date: List the month and year submitted to the Division of Budget and Planning (i.e. October, 2007)

Program category: Choose the appropriate category for each tax preference, if applicable, using the categories established in 135.800-135.830 RSMo (SB 1099, 2004). See the following list of the categories. For the purposes of completing the tax credit analyses, Budget and Planning has assigned new tax credits to the appropriate categories. If the tax preference is not on the list of categories, fill in this box with N/A.

Type: Check the applicable type for this program. If "other" is checked, list the specific type of preference available under this program.

Statutory authority: Cite the authorizing statute reference(s).

Applicable taxes: List ALL taxes that are affected by the tax preference.

Program description and eligibility requirements: Give a brief description of the program, describing the eligibility requirements, the type of tax preference available, any limits to the program, etc.

Explanation of how award is computed: Check whether the tax preference is a discretionary or an entitlement program, and if discretionary, discuss the department's process for choosing recipients. Give a detailed description of the method used to calculate awards pursuant to the program.

Program cap: If there is a cap, indicate the type and amount of the cap. If the cap is cumulative, indicate the amount remaining.

Explanation of cap: Give a brief explanation of the cap and how it is applied.

Explanation of expiration of authority: Give a brief summary of any provisions that may affect the authority of this program, and cite appropriate statutes.

Specific provisions: Check all applicable provisions for the program. If the program has carry forward/back provisions, indicate the number of applicable years. Indicate if they are refundable and/or sellable/assignable and if there are additional federal deductions available similar to or related to this program. Add comments as necessary.

Certificates issued: If available, provide the total number of credits, deductions or exemptions issued during the fiscal years listed. Specifically, this amount includes any tax credit certificates awarded during the specified fiscal year.

Projects: If available, provide the number of projects for which a certificate was issued during the specified fiscal year. (This number may be the same as the number of certificates issued.)

Amount Authorized: List the amount authorized for the appropriate fiscal year. The amount authorized is equal to the amount of tax credits approved during the specified fiscal year.

Amount Issued: List the amount issued for the appropriate fiscal year. This amount includes any tax credit certificates awarded during the specified timeframe.

Amount Redeemed: List the amount redeemed for the appropriate fiscal year. For any refunds and income modifications, include these in the redeemed amount. Insert a footnote with details of the refunded and modified amounts.

Amount Outstanding: If possible, estimate the amount outstanding at the close of the fiscal year just completed (in this case Fiscal Year 2007). Amount outstanding is equal to the amount issued, less the amount redeemed, less any expired awards.

Historical and Projected Information: This graphic details program activity for the previous three fiscal years, and is driven by the table above. The scale of the graph can be adjusted if necessary. Data series that are not applicable can be deleted.

Comments on Historical and Projected Information: Add any clarifying comments necessary. For instance, discuss how the number of certificates issued relates to the number of projects.

BENEFIT/COST ANALYSIS

The benefit/cost analysis is integral to the evaluation of a program's effectiveness and value. While the diversity of the many tax preferences somewhat precludes an easy side-by-side comparison of tax preferences, the benefit/cost comparison provided for each program gives policymakers information necessary to make informed decisions relative to that particular program. This portion of the Tax Credit Analysis Form is designed to provide "hard" numbers related to state fiscal benefits and costs, but it also gives departments an opportunity to articulate the non-tangible gains that can't be quantified in monetary terms.

This form also allows departments to provide two versions of the benefit/cost analysis. Departments are required to calculate the first version, using data solely from the previous fiscal year (FY 2007), as mandated by 33.282 RSMo. The second optional version can be for any combination of consecutive fiscal years chosen by the department. Frequently, the true fiscal benefits and costs are not represented in a single-year analysis; therefore departments may choose a timeframe greater than one fiscal year to demonstrate the actual benefits/costs that should be attributed to a particular program. The timeframe for this analysis should not be chosen arbitrarily, but should in some fundamental way relate to the program itself. For instance, if a program has a 5-year carry-forward provision, a 5-year timeframe may be suitable.

Direct fiscal benefits: Give the dollar amount of direct state fiscal benefits realized as a result of this program for the designated timeframe. Direct benefits may include items such as the increased state withholding taxes associated with new jobs created directly at the facility in question, or the new state sales

taxes realized from purchases for construction for the project in question. These benefits can vary by program.

Indirect fiscal benefits: If known, give the dollar amount of indirect state fiscal benefits associated with this program for the designated timeframe. Indirect benefits may include items such as the increased state withholding taxes stemming from “spin-off” jobs that result from the project, or increased state sales tax receipts resulting from the expenditure of new wages. Also, indirect benefits may include any fiscal savings that occur as a result of the program. For instance, if a tax preference reduces the need for state spending, these savings could be considered an indirect fiscal benefit.

Direct fiscal costs: Give the dollar amount of direct state fiscal costs incurred as a result of this program for the designated timeframe. Direct costs include the amount redeemed during the specified timeframe, as well as personal service, expense, and fringe costs for staff dedicated to the program. The staff costs counted as “direct” costs would be those costs that an agency would not incur if the program did not exist. Do not duplicate direct staff costs on this form and your Program Descriptions Forms. Any such costs reported on the Tax Credit Analysis Form should be excluded from the Program Description Forms and vice versa.

Indirect costs: If known, please provide any indirect state fiscal costs incurred as a result of this program for the designated timeframe. In order to be consistent with guidance from the Interagency Planning Council, do not include indirect administrative costs.

Other benefits: Describe in detail any other benefits realized as a result of this program that may not be quantifiable as state fiscal benefits. Such “other” benefits may include improved community infrastructure or programs, improved environmental conditions, increased local tax revenues, the removal of blight, the availability of affordable housing or other resources, access to educational or training opportunities, or a host of other appropriate benefits.

Derivation of benefits: Give a detailed accounting of how the benefit amounts were calculated. For example, show the number of new jobs created and the estimated salaries to determine the new withholding taxes resulting from the program. If both temporary and permanent new jobs are created, indicate the number that are temporary and the number that are permanent. Be specific and provide information that will help the average lay reader understand your computations.

Performance measure(s): Departments should include a limited number of significant, pertinent performance measures. Departments are encouraged to use graphic information when possible. (If using graphics to represent performance measures, use the “Form Data Sheet” tab to input the supporting data. See the “Permanent New Jobs Created” graph for an example.) When available, departments should include previously projected versus actual performance data for the previous three fiscal years, projected performance for the current fiscal year, and targeted performance for the upcoming two fiscal years. The number of measures should be limited to four or fewer.

A list of tax credits, exemptions and deductions, follows. Please note this list may not be inclusive of all tax preferences. It may not include all changes to credits, exemptions, deductions or other tax preferences made in the 2007 legislative session. Agencies authorized to offer tax deductions, exemptions, credits, or other tax preferences are responsible for submitting the applicable forms.

A blank Tax Credit Analysis Excel form and an example are available on Budget and Planning’s web site (<http://www.oa.mo.gov/bp/index.htm>), and an electronic copy of the form will be forwarded. Please contact Pamela McQuary (751-2345), in the Division of Budget and Planning, if you do not receive the electronic copy.

Tax Credit Categories defined in 135.800-135.830 RSMo
(new tax credits have been assigned to categories by Budget and Planning)

Agricultural

- Agricultural product utilization contributor
- New generation cooperative incentive*
- Wine and grape production

Business Recruitment

- Business facility
- Enterprise zone**
- Business use incentives for large-scale development programs (BUILD)
- Neighborhood Assistance*
- Rebuilding Communities
- Film Production
- Enhanced Enterprise Zones
- Missouri Quality Jobs

Community Development

- Neighborhood assistance*
- Family development account
- Dry fire hydrant
- Transportation development

Domestic and Social

- Youth opportunities
- Shelter for victims of domestic violence
- Senior citizen or disabled person property tax
- Special needs adoption
- Children in crisis
- Maternity home
- Pregnancy Resource Center
- Shared care
- Residential Treatment Agency
- Food Pantry
- Health Care Access Fund
- Peace Officer Surviving Spouse
- Disabled Access for Homeowners

Environmental

- Charcoal producer
- Wood energy
- Manufacturing & recycling flexible cellulose casing

Entrepreneurial

- Capital
- Certified capital company
- Seed capital
- New enterprise creation
- Research
- Small business incubator
- Guarantee fee
- New generation cooperative*

Housing

- Neighborhood preservation
- Low income housing
- Affordable housing

Redevelopment

- Historic preservation
- Brownfield redevelopment
- Community development corporations
- Infrastructure
- Bond guarantee
- Disabled access

Training and Educational

- Community college new jobs
- Skills development account (deleted in 2004)
- Mature worker (deleted in 2004)
- Community college job retention

*Listed under multiple categories

**Certain enterprise zone abatements ended in 2005

Deductions, Exemptions, Credits and Other Tax Preferences

<u>Dept.</u>	<u>Program</u>	<u>Statutory Citation</u>
DED	Affordable Housing Assistance Tax Credit	32.105-32.125
	Bond Guarantee Tax Credit (MDFB)	100.286.7 & 100.297
	Brownfield Demolition Tax Credit	447.700-447.718
	Brownfield Jobs/Investment Tax Credit	447.700-447.718
	Brownfield Remediation Credits	447.700-447.718
	Capital Small Business Investment Credit	135.400-135.430
	Certified Capital Company (CapCo) Tax Credit	135.500-135.529
	Community Development Bank Tax Credit	135.400-135.430
	Community College Job Retention	178.764
	Community College New Jobs Training Bonds	178.892-178.896
	Development Tax Credit	32.105-32.125
	Disabled Access for Homeowners	135.562
	Enhanced Enterprise Zones	135.953
	Enterprise Zone Benefits	135.200-135.250
	Family Development Accounts	208.750-208.775
	Film Production Tax Credit	135.750
	Guarantee Fee Tax Credit	135.766
	Historic Preservation Tax Credit	253.545-253.559
	Infrastructure (Contribution) Tax Credit (MDFB)	100.286.6
	Mature Worker Child Care Tax Credit (repealed in 2004)	620.1560
	Missouri BUILD Bonds	100.700-100.850
	Missouri Low-Income Housing Tax Credit	135.350-135.363
	Missouri Quality Jobs	620.1875
	Mutual Fund	620.1350
	Neighborhood Assistance Program	32.100 - 32.125
	Neighborhood Preservation	135.535.1
	New Enterprise Creation Tax Credit	620.635-620.653
	New/Expanded Business Facility Tax Credit	135.100-135.150
	Rebuilding Distressed Communities – Business Credits	135.530-135.535
	Rebuilding Distressed Communities – Employee Credits	135.530-135.535
	Research Expense Tax Credit	620.1039
	Seed Capital Tax Credit	348.300-348.318
	Skills Development (Individual Training Account) Tax Credit (repealed 2004)	620.1400-620.1460
	Small Business Incubator Tax Credit	620.495
	Transportation Development Tax Credit	135.545
	Winery and Grape Growers Tax Credit	135.700
	Youth Opportunity and Violence Prevention Tax Credit	135.460

<u>Dept.</u>	<u>Program</u>	<u>Statutory Citation</u>
DESE	Sponsorship and Mentoring (subject to appropriation)	135.348
DHE	Higher Education Scholarship Fund Tax Credit (expired 2005)	173.196
	Missouri Advantage Tax Credit (expired 2005)	173.796
DHSS	Shared Care Tax Credit	660.053-660.055
	Health Care Access Fund Tax Credit	135.575, 191.1056
Treasurer's Office	Missouri Higher Education Savings Program (deduction)	166.435
DIFP	MO Life & Health Insurance Guaranty Assoc. Credit	376.745
	MO Property & Casualty Insurance Guaranty Assoc. Credit	376.774
	MO Examination Fee Credit	148.400
	State Health Insurance Pool	376.975
DNR	Charcoal Production Tax Credit	135.313
	Wood Energy Producers Credit	135.300
DPS	Dry Fire Hydrant Tax Credit	320.093
DOR	Bank Franchise Tax Credit (SB 896, 2000)	148.064
	Bank Tax Credit for S Corporation Shareholders	143.471
	Children in Crisis Tax Credit	135.327
	Disabled Access Tax Credit for Small Business	135.490
	Food Pantry Tax Credit	135.647
	Long Term Care Tax Deduction	135.096
	Peace Officer Surviving Spouse Tax Credit	135.090
	Sales Tax Credit for Mfg and Recycling Flexible Cellulose Casing	260.285
	Senior Citizen Property Tax Relief (refund)	135.010-135.035
	Special Needs Adoption Tax Credit	135.325-135.327
DSS	Maternity Homes Credit	135.600
	Pregnancy Resource Center Tax Credit	135.630
	Residential Treatment Agency Tax Credit	135.1142
	Shelter for Victims of Domestic Violence	135.550
Agriculture	Agricultural Product Utilization Contributor Tax Credit	348.430
	New Generation Cooperative Incentive Tax Credit	348.432